

April 30, 2002

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

CHATSWORTH COURTHOUSE - SUBCONTRACTOR'S BOND

At the Board meeting of March 19, 2002, Supervisor Antonovich requested that this office report on the possibility of utilizing a subcontractor's security/performance bond for additional funding needed to complete the Chatsworth Courthouse. We understand the inquiry was based on information contained in the Minutes of the Los Angeles County Courthouse Corporation meeting of March 13, 2002 (copy attached).

As discussed below, no additional funding is needed to complete the Chatsworth Courthouse and there is no need at this time for the Corporation or the County to make a claim against a performance bond.

BACKGROUND

Although the Corporation's primary business at the March 13, 2002, meeting was unrelated to the Antelope Valley and Chatsworth Courthouses, the agenda included presentation of updates on the construction progress of both projects. Written Status Reports (Attachments II and III) had been distributed previously and a representative from Public Works attended the meeting, along with my staff, to provide first-hand information regarding the projects and answer any questions.

Discussion of the Chatsworth Courthouse included the fact that the project has experienced a delay. The original substantial completion date was scheduled in August 2001, but this milestone was not attained by the Developer until January 2002. In coordination with this time frame, the Superior Court has scheduled opening of the Courthouse for full operations on June 3, 2002. (The period between the substantial completion date and the opening

date is used to accomplish a series of standard final activities and processes to make a facility ready for operation. For the Chatsworth Courthouse, completion activities now underway include finishing of punch-list items, start-up testing of security and other systems, training on specialized building systems, installation of equipment by the cafeteria vendor, final furniture delivery and installation, art work installation, and phased move-in of County and Court staff.)

Discussion of the delay indicated that there were numerous contributing factors and some examples were mentioned: delay in materials delivery (such as tile from European sources), manpower issues, and delay in delivery of some equipment resulting from a subcontractor bankruptcy. The Public Works representative further reported that the budget remains as previously approved and also that the Developer has made requests, which are under review by the County, for additional funds associated with the delay he experienced.

The Minutes of the Corporation meeting summarize the 15 to 20-minute discussion of the Chatsworth Courthouse in only three sentences. This brevity inadvertently gives an erroneous impression of the major points. The Minutes do not make clear that the subcontractor bankruptcy was mentioned as only one of several examples of the type of factors contributing to delay. It was not meant to be construed as the primary cause. The Minutes also do not reflect the statement that the project remains within the approved project cost.

PERFORMANCE BOND

With regard to the subcontractor's bond, neither the Corporation nor the County could directly enforce that bond because they are not named beneficiaries on that bond. The Development Agreement protects the interests of the Corporation and the County by requiring the Developer's General Contractor to name them as additional beneficiaries on the performance bond issued to the General Contractor. If the General Contractor defaulted on its contractual obligation, even if that default was due to a subcontractor's failure to perform, the Corporation and the County could claim against the General Contractor's bond.

CONCLUSION

No additional funding is required to complete work on the facility. The project budget remains as previously approved by your Board. There is no basis for the County or Corporation to make a claim against any performance bond.

Each Supervisor
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We will keep your Board apprised if any changes occur in the project or in the information provided by this report.

DEJ:SNY
JSE:JCW:i/h

Attachments

c: Executive Officer, Board of Supervisors
 County Counsel
 Public Works
 Superior Court
 Treasurer and Tax Collector



**LOS ANGELES COUNTY
COURTHOUSE CORPORATION**



MICHAEL J. FARRELL
Vice President-Treasurer

FRED B. COWAN
Vice President-Secretary

JOHN ANDES **JOYCE KARLIN FAHEY**
Director Director

VIOLET VARONA-LUKENS
KHANH NGUYEN
Assistant Secretaries

MINUTES

March 13, 2002

Room 383, Executive Conference Room Kenneth Hahn Hall of Administration

Present

Fred B. Cowan, Vice President/Secretary
Joyce Karlin Fahey, Director

Absent

Michael J. Farrell, Vice President/Treasurer
John Andes, Director

Call to Order

Vice President Cowan called the meeting to order as a Committee of the Whole to order at 10:15 a.m.

Approval of Minutes

The minutes of October 25, 2000 meeting were continued to the next meeting for approval.

Update on the Chatsworth and Antelope Valley Courthouse

Jacob Williams, Division Chief, Project Management Division 2, Los Angeles County Department of Public Works presented an update of both projects to the Commission. The Antelope Valley project is currently 30% complete, is on schedule, and will be completed in one year. It is currently within its \$9 million budget with no abnormal construction problems being experienced.

~~Chatsworth Courthouse project is behind schedule and has a new opening date of June 2002. The delay is due to one of the sub-contractors declaring bankruptcy.~~ The primary contractor has submitted a request for additional funding due to cost over-runs and a decision on this will be forthcoming soon.

Public Comment

There were none

Board Member Comments

The Directors discussed quorum problems resulting from the vacancy on the Board.

Vice President-Secretary Cowan requested the staff to arrange a teleconference call meeting on March 18, 2002 to elect the officers and adopt the resolution on refinancing the 1992 Certificates of Participation for the Edmund D. Edelman Children's Court.

ANTELOPE VALLEY COURTHOUSE PROJECT STATUS - MARCH 2002

Description

- New 380,000-square-foot courthouse with 4 stories above grade and one level below grade located on a 17-acre site at 421 W. Avenue M, Lancaster, CA.
- 15 finished courtrooms; 6 unfinished courtrooms; space for 25 judges' chambers.
- Ancillary space for court operations and support departments including: Sheriff, Probation, District Attorney, Public Defender, and Alternate Public Defender.
- Surface parking for 1,105 vehicles including 35 secured basement level spaces.
- Board of Supervisors approved long-term financing and the final project budget of \$109.7 million on October 31, 2000.
- Debt service for the project financing will be paid from the County's Courthouse Construction Fund.
- Developer: MBK Real Estate, Ltd. Contractor: Haskell. Architect: Mosakowski-Lindsey Associates.

Project Progress

The construction contract with the developer was approved on October 31, 2000 and the groundbreaking ceremony was held by Supervisor Antonovich on November 1, 2000. Demolition of existing buildings was completed by the end of November and excavation and rough grading was underway by December 2000.

Currently, construction is approximately 30 per cent complete and significant building systems are installed or underway. Structural steel erection is complete as is the steel floor decking and the concrete slab on metal deck. Fabrication of the concrete precast exterior cladding is complete and installation is underway with completion on schedule for April 2002. The curtain wall, fire suppression piping, and ductwork are also now being installed.

The contract for the off-site utility improvements was approved by the Board of Supervisors on February 12, 2002, and the contractor will be mobilized on site by next week. This project component includes widening of Avenue M to provide bus access and a turn lane into the courthouse, paving of 4th Street West for courthouse public vehicle access, and installation or improvement of all utilities servicing the courthouse including water, sewage, and electrical. A separate contractor is being utilized due to the specialized nature and extent of the work necessary on this relatively unimproved site.

Concurrent Activities

Furniture design, cafeteria design, and cafeteria vendor services are currently being pursued as individual contracts for specialized services through standard County processes. Furnishings for the courthouse are funded from the County's Criminal Justice Facilities Temporary Construction Fund, separate from the Board-approved project cost and financing.

ANTELOPE VALLEY COURTHOUSE
PROJECT STATUS - MARCH 2002
Continued

Completion Schedule

Off-site improvements are scheduled for completion in November 2002. The developer's contractual date for substantial completion of the building is January 8, 2003. Final punch-list items, training on building systems, furnishings installation, Sheriff security "shake-down" of the facility, and cafeteria vendor move-in are targeted for completion by May, 2003. The Superior Court will be determining its exact date to move operations from the old courthouse to the new facility as the project nears final completion.

CHATSWORTH COURTHOUSE PROJECT STATUS - MARCH 2002

Description

- New 300,000-square-foot courthouse with 3 stories above grade and one level below grade located on a 9.8 acre site at the southeast corner of Plummer Street and Winnetka Avenue in Chatsworth, CA.
- 10 finished courtrooms/17 finished chambers; 7 unfinished courtrooms/9 unfinished judges' chambers for future use.
- Ancillary space for court operations and support departments including: Sheriff, Probation, District Attorney, Public Defender, Alternate Public Defender, and Los Angeles City Attorney (under a lease agreement).
- Surface parking for 732 vehicles, including 32 secured basement level spaces.
- Board of Supervisors approved long-term financing and the total project cost of \$96.7 million in 1999.
- Debt service for the project financing will be paid from the County's Courthouse Construction Fund.
- Developer: The Alexander Haagen Co. Contractor: Hathaway-Dinwiddie.
Architect: Mosakowski-Lindsey Associates

Project Progress

The Chatsworth Courthouse was declared substantially complete on January 9, 2002, after required final inspection and approval of the detention areas by the State Board of Corrections. Construction during the past year included completion of the exterior granite and glazing systems; build-out of the courtrooms, chambers, detention and office areas; installation of a state-of-the-art security system; completion of the entry plaza, walkways, exterior lighting, and landscaping. In addition, a professional commercial interior design firm was contracted through the developer to provide design and specifications, assist the County bid process, and oversee installation of all furnishings. Furnishings are funded from the County's Criminal Justice Facilities Temporary Construction Fund, separate from the Board-approved project cost and financing.

The developer did not meet the contractual substantial completion date of August 7, 2001, due to various issues involving subcontractors and manpower on the site. For example, the installation arm of the security systems subcontractor went bankrupt. Although its manufacturing arm remained and delivered the security equipment, a new subcontractor had to be found to do the specialized installation which then did not pass its initial inspection and required additional work. In another example, the complex smoke evacuation system also did not pass its first inspection as required to meet substantial completion, but this issue has now been resolved. The final punch-list items are now nearly complete and start-up testing, building commissioning, and training on various systems is currently underway or being scheduled. Final keying of the building for security purposes is being scheduled. The County is completing installation of the atrium wall tile and the cafeteria vendor is finishing installation of his equipment. Furnishings are in the final phase of delivery and installation.

CHATSWORTH COURTHOUSE
PROJECT STATUS - MARCH 2002
Continued

Completion Schedule

The Sheriff will move in a skeleton staff six weeks prior to opening for final security testing. The Superior Court has announced its opening day of operation for the Chatsworth Courthouse as June 3, 2002. The date of the dedication ceremony has not yet been scheduled.

Concurrent Art Project Activity

In August 2001, the Board of Supervisors approved contracts with artists for two public artworks specifically designed for the Courthouse. This pilot art project, totaling \$400,000, is also funded from the Criminal Justice Facilities Temporary Construction Fund. The artists were selected through a standard process, with the assistance of a professional arts consultant, which solicited interest from 15 established artists with experience in the field of civic art. From these, four finalists were requested to submit proposals. Two final artists were selected to provide custom artworks for the Courthouse. One art piece entitled "We the People" consists of several components to be installed in the atrium and is intended to reflect the nature of the courthouse and its relation to the people and the community. The second artwork is an exterior piece entitled "Tree of Life" and will be reflective of natural elements. Fabrication of the artworks by the artists and their engineers is underway and installation is scheduled for completion immediately prior to the courthouse opening.